



**TESTIMONY OF TODD MCCRACKEN
PRESIDENT OF
NATIONAL SMALL BUSINESS ASSOCIATION**

“Plain Language in Paperwork—The Benefits to Small Business”

**Before the U.S. House Committee on Small Business
Subcommittee on Contracting and Technology**

February 26, 2008

Chairman Braley, Ranking Member Davis, and members of the Contracting and Technology Subcommittee: I would like to thank you for granting me this opportunity to discuss the virtues and merits of plain language in government communications from the perspective of America's small-business community. I am Todd McCracken, president of the National Small Business Association (NSBA).

NSBA reaches more than 150,000 small-business owners across the nation and is the oldest small-business advocacy organization in the United States. For more than 70 years, NSBA has worked in a nonpartisan manner to promote and protect the interests of America's small businesses. As the members of this subcommittee well know, in addition to being a bedrock of our society and the very embodiment of America's entrepreneurial spirit, small business constitutes the backbone of the U.S. economy. Small businesses comprise 99.7 percent of all domestic employer firms and employ more than half of all private-sector workers. Between 1989 and 2003, America's small businesses also generated 93.5 percent of all net new jobs.¹ Meanwhile, large companies (defined as those with more than 500 employees) *eliminated* more jobs than they created in over a third of those years (5 of the 14). In total, small businesses created 21.9 million new jobs during this period, while large companies produced 1.5 million. Approximately 4,000 new jobs are created every day by small business.

Why is this important to note? Because these small businesses are the very firms most likely to be disadvantaged by the garbled and confusing communications they receive from the federal government.

Perplexing paperwork and an oppressive federal regulatory regime are overburdening America's small businesses. Unlike big corporations—which have hordes of accountants, benefits coordinators, attorneys, personnel administrators, etc. at their disposal—small businesses often are at a loss to keep up with, implement, afford, or even understand the overwhelming regulatory and paperwork demands of the federal government. U.S. Small Business Administration (SBA) research demonstrates that, in total, companies with fewer than 20 employees pay more than \$7,600 *per employee* to comply with federal regulations each year. Large firms pay about 45 percent (\$2,400) less per employee.

While the *Plain Language in Government Communications Act of 2007 (H.R. 3548)*, would not directly address this dispiriting inequity—as it does not address federal regulations—it would go

a long way in easing the federal government's demands on America's small-business owners. Lacking legions of paperwork soldiers, most small-business owners are left alone in their battle to understand the letters, forms, notices, and instructions they receive from the federal government. As you might guess, far too often, the result is a slaughter. Forget death by a thousand cuts—try a billion. In Fiscal Year 2005, the American public spent 8.4 **billion** hours wrestling with federal paperwork requirements and \$1.1 **trillion** complying with federal regulations. This burden was disproportionately born by the country's small businesses.

This burden is attributable to more than the mere act of compliance, however. It also is caused by the bewildering language used in much of this paperwork. Small-business owners are not dumb; they simply are not fluent in legalese or Washington-ese. The federal government's proclivity towards arcane, ambiguous, or simply incomprehensible language translates into billions of lost hours and dollars. This is money and attention that America's entrepreneurs could be putting to better use—growing their businesses, for instance, or hiring more of your constituents.

It is equally important to note that the effort to force the federal government to use plain language in its communications must not be construed as an attempt to diminish, dilute, or skirt federal requirements. Quite the contrary: the small-business members of NSBA are of the opinion that clearer federal communications will ease compliance, which naturally will increase compliance.

It is not the goal of most small-business owners to deliberately flout or infringe their federal obligations; no matter how dizzying the mass and magnitude of the requirements are, it is simply in their best interests to comply and move on to the next task at hand. When violations do occur, more often than not they are the result of the small-business owners' inability to decipher what is being asked of them. In fact, 93 percent of the respondents to an NSBA quick poll last week reported having "trouble understanding a letter, form, notice, or instructions" they received from the federal government.

Simplicity is key—the simpler the letter, form, notice, instructions, or requirement, the easier it will be for small-business owners to understand and comply. Of course, easier and increased compliance not only assists small-business owners and other citizens—it also is in the best interests of the federal government. In short, plain language is a common-sense approach to saving the federal government and small-business owners time, effort, and money.

As I previously mentioned, the *Plain Language in Government Communications Act of 2007*, does not extend its plain-language requirements to federal regulations. Convinced that clearly-written and precise federal regulations would carry the same benefits as plainly-written letters, forms, notices, or instructions, the small-business members of NSBA eventually would like to see federal regulations written in plain (or at least, plainer) language as well. In fact, 97 percent of the respondents to an NSBA quick poll last week would support legislation requiring “all federal regulations to be written in easy-to-understand, plain language.” Despite this exclusion, NSBA supports *H.R. 3548*. The introduction of plain language into the federal lexicon will require some effort and convincing. If Congress is serious about changing the way the government (mis)communicates with its citizens, then there may well be a benefit to not rushing the transition.

An oppressive regulatory regime and mountain of mangled messages and jumbled jargon from the federal government are a plague on small businesses across the country—the very small businesses that the country relies on for job creation and economic prosperity. Thankfully, this plague has a cure—a cure that is plain to see and easy to understand. The small-business members of NSBA believe that the *Plain Language in Government Communications Act of 2007* is an important component of this cure, and are pleased to support it.

Once again, I would like to thank Rep. Braley for his leadership on this important initiative, and for the attention of this Subcommittee. I would be happy to try and answer any questions.

¹ Office of Advocacy, U.S. Small Business Administration, from data provided by the U.S. Bureau of the Census, Statistics of U.S. Business. [http://www.sba.gov/advo/research/dyn_b_d8903.pdf].